



# House of Representatives

## File No. 775

General Assembly

January Session, 2017

**(Reprint of File No. 185)**

Substitute House Bill No. 7032  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 18, 2017

**AN ACT REGARDING THE OFFICE OF THE STATE TREASURER'S  
RECOMMENDED REVISIONS TO THE ACHIEVING A BETTER LIFE  
EXPERIENCE PROGRAM.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-39j of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 As used in this section and sections 3-39k to [3-39q] 3-39r, inclusive,  
4 as amended by this act:

5 (1) "Achieving a better life experience account" or "ABLE account"  
6 means an account established and maintained pursuant to sections 3-  
7 39k to 3-39q, inclusive, as amended by this act, for the purposes of  
8 paying the qualified disability expenses related to the blindness or  
9 disability of a designated beneficiary.

10 [(2) "Contracting state" means a state without a qualified ABLE  
11 program that has entered into a contract with the State Treasurer or  
12 other officer of this state to provide residents of the contracting state

13 with access to qualified ABLE programs.]

14 [(3)] (2) "Deposit" means a deposit, payment, contribution, gift or  
15 other transfer of funds.

16 [(4)] (3) "Depositor" means any person making a deposit into an  
17 ABLE account pursuant to a participation agreement.

18 [(5)] (4) "Designated beneficiary" means any eligible individual  
19 [state resident or resident of a contracting state originally designated in  
20 the participation agreement who is an eligible individual and] who has  
21 established an ABLE account under a qualified ABLE program and is  
22 the owner of [an] such ABLE account.

23 [(6)] (5) "Disability certification" means, with respect to an  
24 individual, a certification to the satisfaction of the Secretary of the  
25 Treasury of the United States by the individual or the parent or  
26 guardian of the individual that (A) certifies that (i) the individual has a  
27 medically determinable physical or mental impairment, that results in  
28 marked and severe functional limitations, and that can be expected to  
29 result in death or that has lasted or can be expected to last for a  
30 continuous period of not less than twelve months, or is blind within  
31 the meaning of Section 1614(a)(2) of the Social Security Act, and (ii)  
32 such impairment or blindness occurred before the date on which the  
33 individual attained the age of twenty-six, and (B) includes a copy of  
34 the individual's diagnosis relating to the individual's relevant  
35 impairment or blindness that is signed by a physician who is licensed  
36 pursuant to chapter 370 or, to the extent permitted by federal law, (i)  
37 an advanced practice registered nurse who is licensed pursuant to  
38 chapter 378, or (ii) if the individual's impairment is blindness, an  
39 optometrist licensed pursuant to chapter 380.

40 [(7)] (6) "Eligible individual" means an individual who is entitled to  
41 benefits during a taxable year based on blindness or disability under  
42 Title II or XVI of the Social Security Act, and such blindness or  
43 disability occurred before the date on which the individual attained  
44 the age of twenty-six, provided a disability certification with respect to

45 such individual is filed with the State Treasurer for such taxable year.

46 [(8)] (7) "Federal ABLE Act" means the federal ABLE Act of 2014,  
47 P.L. 113-295, as amended from time to time.

48 [(9)] (8) "Participation agreement" means an agreement between the  
49 trust established pursuant to section 3-39k, as amended by this act, and  
50 depositors that provides for participation in an ABLE account for the  
51 benefit of a designated beneficiary.

52 [(10)] (9) "Qualified disability expenses" means any expenses related  
53 to an eligible individual's blindness or disability that are made for the  
54 benefit of an eligible individual who is the designated beneficiary,  
55 including the following expenses: Education, housing, transportation,  
56 employment training and support, assistive technology and personal  
57 support services, health, prevention and wellness, financial  
58 management and administrative services, legal fees, expenses for  
59 oversight and monitoring, funeral and burial expenses, and other  
60 expenses that are approved by the Secretary of the Treasury of the  
61 United States under regulations adopted by the Secretary pursuant to  
62 the federal ABLE Act.

63 Sec. 2. Section 3-39k of the general statutes is repealed and the  
64 following is substituted in lieu thereof (*Effective October 1, 2017*):

65 (a) [(1)] The State Treasurer (1) shall establish a qualified ABLE  
66 program pursuant to the federal ABLE Act and sections 3-39j to 3-39q,  
67 inclusive, as amended by this act, and (2) may contract with any state  
68 with a qualified ABLE program established pursuant to the federal  
69 ABLE act to provide residents of this state with access to such state's  
70 program.

71 (b) (1) Under the program established pursuant to subdivision (1) of  
72 subsection (a) of this section: (A) The State Treasurer shall administer  
73 individual ABLE accounts to encourage and assist eligible individuals  
74 and their families in saving private funds to provide support for  
75 eligible individuals, and (B) a person may make contributions to an

76 individual ABLE account to meet the qualified disability expenses of  
77 the designated beneficiary of the account.

78 (2) For the purposes of [the] such program, there is established  
79 within the Office of the State Treasurer the Connecticut Achieving A  
80 Better Life Experience Trust. The trust shall constitute an  
81 instrumentality of the state and shall perform essential governmental  
82 functions, as provided in sections 3-39j to 3-39q, inclusive, as amended  
83 by this act. The trust shall receive and hold all payments and deposits  
84 intended for ABLE accounts as well as gifts, bequests, endowments or  
85 federal, state or local grants and any other funds from public or private  
86 sources and all earnings, until disbursed in accordance with sections 3-  
87 39j to 3-39q, inclusive, as amended by this act.

88 [(b)] (c) (1) The amounts on deposit in the trust shall not constitute  
89 property of the state and the trust shall not be construed to be a  
90 department, institution or agency of the state. Amounts on deposit in  
91 the trust shall not be commingled with state funds and the state shall  
92 have no claim to or against, or interest in, such amounts, except as  
93 provided in subdivision (2) of this subsection. Any contract entered  
94 into by, or any obligation of, the trust shall not constitute a debt or  
95 obligation of the state and the state shall have no obligation to any  
96 designated beneficiary or any other person on account of the trust and  
97 all amounts obligated to be paid from the trust shall be limited to  
98 amounts available for such obligation on deposit in the trust. The  
99 amounts on deposit in the trust may only be disbursed in accordance  
100 with the provisions of sections 3-39j to 3-39q, inclusive, as amended by  
101 this act.

102 (2) The trust shall continue in existence as long as it holds any  
103 deposits or other funds or has any obligations and until its existence is  
104 terminated by law, and upon termination of the trust, any unclaimed  
105 assets of the trust shall return to the state. Property of the trust shall be  
106 governed by section 3-61a.

107 [(c)] (d) The State Treasurer shall be responsible for the receipt,

108 maintenance, administration, investment and disbursements of  
109 amounts from the trust. The trust shall not receive deposits in any  
110 form other than cash. No depositor or designated beneficiary may  
111 direct the investment of any contributions or amounts held in the trust  
112 other than in the specific fund options provided for by the trust and  
113 shall not direct investments in such specific fund options more than  
114 two times in any calendar year. No interest, or portion of any interest,  
115 in the program shall be used as security for a loan.

116 [(d)] (e) A person may make deposits to an ABLE account to meet  
117 the qualified disability expenses of the designated beneficiary of the  
118 account, provided the trust and deposits meet the other requirements  
119 of this section, the federal ABLE Act and any regulations adopted  
120 pursuant to the federal ABLE Act by the Secretary of the Treasury of  
121 the United States.

122 [(e)] (f) On or before December 31, [2016] 2017, and annually  
123 thereafter, the State Treasurer shall submit (1) in accordance with the  
124 provisions of subsection (a) of section 3-37, a report to the Governor on  
125 the operations of the trust, including the receipts, disbursements,  
126 assets, investments and liabilities and administrative costs of the trust  
127 for the prior fiscal year, and (2) in accordance with the provisions of  
128 section 11-4a, a report on the trust and any contract entered into  
129 pursuant to subdivision (2) of subsection (a) of this section to the joint  
130 standing committees of the General Assembly having cognizance of  
131 matters relating to finance and public health, and shall make such  
132 report available to each depositor and designated beneficiary. The  
133 report required under subdivision (2) of this subsection shall include,  
134 but need not be limited to: (A) The number of ABLE accounts; (B) the  
135 total amount of contributions to such accounts; (C) the total amount  
136 and nature of distributions from such accounts; and (D) a description  
137 of issues relating to the abuse of such accounts, if any.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>from passage</i>	3-39j
Sec. 2	<i>October 1, 2017</i>	3-39k

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note******State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill, which alters definitions regarding the Achieving a Better Life Experience (ABLE) account, has no fiscal impact. The definitional changes allow the Office of the State Treasurer to implement the program through a contract with a state that has an established ABLE account.

House "A" makes various changes to statute regarding the ABLE account and does not result in a fiscal impact.

***The Out Years******State Impact:*** None***Municipal Impact:*** None

**OLR Bill Analysis****sHB-7032 (as amended by House "A")\******AN ACT REGARDING THE OFFICE OF THE STATE TREASURER'S  
RECOMMENDED REVISIONS TO THE ACHIEVING A BETTER LIFE  
EXPERIENCE PROGRAM.*****SUMMARY**

This bill allows the state treasurer to contract with another state to provide Connecticut residents with access to the other state's federally qualified Achieving a Better Life Experience (ABLE) account program. By law, the treasurer must establish such a program, but the program has not been implemented.

The bill also removes the requirement that designated beneficiaries of federally qualified ABLE accounts be residents of (1) Connecticut or (2) a state without an ABLE account program that contracts with Connecticut to provide ABLE accounts to that state's residents. As under current law, the bill requires a beneficiary to be eligible (i.e., meet the disability requirements) and an owner of a qualified ABLE account.

Existing law requires the treasurer to annually report to the Finance and Public Health committees on the Connecticut Achieving A Better Life Experience trust, which among other things, holds payments and deposits intended for ABLE accounts. The bill requires the report to include any contract entered into with another state to provide ABLE account access to Connecticut residents.

The bill also makes technical and conforming changes.

\*House Amendment "A" authorizes the treasurer to contract with another state, adds the reporting provisions, and makes technical changes.



EFFECTIVE DATE: October 1, 2017 except for the changes regarding designated beneficiaries and certain minor and technical changes, which take effect upon passage.

## **BACKGROUND**

### ***Federal Law***

The 2014 federal ABLE Act (P. L. 113-295) allows states to establish and maintain qualified ABLE programs to:

1. encourage and help individuals and families save private funds to support individuals with disabilities to maintain health, independence, and quality of life and
2. provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not replace, benefits provided through private insurance, Medicaid, SSI, employment, and other sources.

Generally, under federal law, qualified ABLE programs are exempt from federal taxation, and funds in ABLE accounts may not be considered when determining eligibility for benefits or assistance programs authorized by federal law unless the funds exceed \$100,000.

## **COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/07/2017)